



Department of Energy

Washington, DC 20585

March 8, 2007

MEMORANDUM FOR DISTRIBUTION

FROM: PATRICIA J. HODSON, DIRECTOR *Patricia J. Hodson*
OFFICE OF FINANCIAL POLICY

SUBJECT: CONTRACTOR PENSION OBLIGATIONS - FY 2007 PENSION
INFORMATION REQUEST

The Department will continue to follow the requirements of Financial Accounting Standards Board (FASB), Statement No. 87, "Employers' Accounting for Pensions," and FASB Statement No. 132(R), "Employers' Disclosures about Pensions and Other Postretirement Benefits," as amended by FASB Statement No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans," for measuring and reporting contractor pension obligations. The most significant change will be the recognition of an amount equal to the pension plan "funded status" rather than an estimate developed through delayed recognition of economic events. In this regard, the requirements contained in the attached "Department of Energy Pension Benefit Plans, 2007 Fiscal Year Information Request," (information request) are applicable to any DOE contractor, whether or not a management and operating contractor, for which the Department has a continuing pension obligation. Your submissions will be reviewed by Headquarters and used in the development of yearend accrual estimates, as well as consolidated Departmental disclosures. **A copy of the information request should be forwarded to applicable contractors immediately to allow sufficient time to complete the required reporting schedules.**

The required standardized assumptions contained in the information request have been reviewed and updated as needed (e.g., **tables have been modified to incorporate requirements of FASB Statement No. 158; optional mortality tables have been identified; and the required discount rate selected is 5.75%**). Also, the FY 2007 information request provides, as attachments, a copy of any FY 2006 individual contractor memoranda developed by Chet Andrzejewski of Aon Consulting, Inc. regarding any additional information requested as a result of the FY 2006 review process and applicable individual contractor disclosure sheets, "9/30/2006 Disclosure Information under FAS Statement No. 87." These disclosure sheets contain information needed for the completion of the FY 2007 information request. For example, the amount on Line D.5, "9/30/2006 Prepaid/(Accrued) Pension Benefit Cost," of the attached disclosure sheet(s) must be used on Table A-1, Line D.1, "Prepaid/(Accrued) Pension Cost at 9/30/2006," of the information request.



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As required in previous information requests, the pension estimates must be developed by the contractors through the use of qualified actuarial support. One (1) hard copy of the completed submissions should be forwarded to the Office of Financial Policy (CF-50), one (1) hard copy to the Office of Contractor Resources Management (MA-631), and one (1) hard copy to our Headquarters consulting actuary, Chet Andrzejewski, Aon Consulting, Inc., 500 East Pratt Street, Baltimore, Maryland 21202, by May 21, 2007. A compact disk containing the attached reporting schedules and standardized assumptions has also been included. One completed copy of the disk using the prescribed formats (**Microsoft Word 2003 and Microsoft Excel 2003**) must be included with each contractor submission to CF-50, MA-631, and to Aon Consulting, Inc. Any significant deviation from the information request requirements must be justified in writing and submitted to CF-50 for concurrence prior to processing the valuations. **Please note that due to the established schedule for audited Departmental financial statements, it is imperative that the completed submissions and any additional yearend information be provided to CF-50, MA-631, and to our Headquarters consulting actuary on or before the due dates specified in the information request.**

Procedures established by the Office of Finance and Accounting (CF-10) shall be followed for recording the pension liability or asset. It should be noted, adjustments to the accrual estimates may be required to reflect any additional information that becomes available by yearend (e.g., updated asset information on Table A-6 required by August 22, 2007). It should also be noted that the procedures already established by CF-10 for recording the interim estimates should be followed for the quarters ending March 31, 2007, and June 30, 2007. Guidance for recording yearend estimates consistent with FASB Statement No. 158 requirements will be issued prior to yearend.

Please note that if contractors responding to this information request consider any information contained in their responses as business sensitive or proprietary, it should be clearly marked as such.

Please forward the name, phone number, fax number, and e-mail address of a point of contact to CF-50 by March 30, 2007. If you or your staff should have any questions concerning this memorandum, please contact Michael Lynch or Joel Gonzalez on (202) 586-6894 or (202) 586-9354, respectively.

Attachments

DISTRIBUTION

Thomas C. Foley, Chief Financial Officer, CH
Timothy A. Rea, Finance Team Leader, GFO
Christine Ott, Chief Financial Officer, ID
Floyd E. Boilanger, Jr., Acting Chief Financial Officer, NETL
E. Dennis Martinez, Chief Financial Officer, NNSA
Judith M. Penry, Chief Financial Officer, OR
Gary A. White, Chief Financial Officer, PNRO
Gregory A. Jones, Acting Assistant Manager, Administration, RL
Sheldra Wormhoudt, Director, Planning and Financial Management, SPRO
Sarah A. Blanding, Chief Financial Officer, SR
William J. Leahy, Chief Financial Officer, Schenectady Naval Reactors Office, SNRO
Dean G. Olson, Director, Office of Finance and Accounting, CF-10/GTN
Clarence H. Schlag, Assistant Director, Financial Management, Consolidated Business Center, EM-3.3

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